

Feb. 15, 2012

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To Representative Jud Gilbert, Chair and members of the House Tax Policy Committee.

Speaking in support of House Bill 5279.

Sanilac County is home to a 50 wind turbine project spread across 3 townships. This project was completed in December 2011 and our township assessors are currently working on the initial assessment of the wind turbines for property tax collection purposes.

When our local townships approved this project it was with the understanding the wind turbines would be taxed as personal property taxes with their true cash value depreciated from 100% down to 30% over a 15 year period.

The State Tax Commission recently adopted a new depreciation schedule which depreciates wind turbines from 80% of their true cash value down to a 30% over a 7 year period.

Article IX, Section 3, of the Michigan Constitution requires Assessors to determine the true cash value of property and uniformly assess at 50% of the true cash value.

We believe the previous State Tax Commission schedule, depreciating from 100% down to 30% over a 15 year period, more accurately meets the constitutional requirement to assess property at 50% of their true cash value. The Sanilac County Board of Commissioners has adopted a resolution opposing the State Tax Commission change.

The change in the depreciation schedule has placed our County Equalization Director and township assessors in the untenable position of having to decide between assessing wind turbines as the constitution requires or assessing the wind turbines as the State Tax Commission, which is their oversight agency, recommends.

At this time, we support HB 5279, because:

- The specific tax is based on energy production capacity which appears to be a fair and equitable method of taxation.
- The specific tax would not be subject to the changing recommendations of the State Tax Commission.
- The specific tax would provide a stable source of tax revenue for the townships, counties and school districts in communities with wind turbines.

We would ask for consideration of the following amendments:

- Sec, 4(3). “The alternative commercial energy specific tax is an annual tax, payable at the same times, in the same installments, and to the same collecting officers as [insert] **county operating** taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.” This request is due to county operating taxes being collected on the summer tax roll and township operating and school taxes being collected on the winter tax roll in Sanilac County.
- Requested amended to Sec. 4(4). “The collecting officer or officers shall disburse the alternative commercial energy specific tax collected, [insert] **within 15 days of receipt**, as follows....” This is consistent with the disbursement requirement for other property taxes.

Thank you for your time and consideration.